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BEFORE THE ARIZONA CORPORATION CO

COMMISSIONERS

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

Arizona Corporation Commission

DOCKETED

MAY 17 2010

DOCKETED BY

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In the matter of

GOLDMAN, SACHS & CO.,

Respondent.

DOCKET NO. S-03533A-10-0110

DECISION NO. **71698**

ORDER TO CEASE AND DESIST, ORDER
FOR ADMINISTRATIVE PENALTIES, AND
CONSENT TO SAME
BY: GOLDMAN, SACHS & CO.

WHEREAS, Goldman, Sachs & Co. ("Goldman Sachs" or "Respondent") is a dealer
registered in the state of Arizona; and

WHEREAS, coordinated investigations into Goldman Sachs' activities in connection with
the marketing and sale of auction rate securities ("ARS") have been conducted by a multistate task
force; and

WHEREAS, Goldman Sachs has cooperated with regulators conducting the investigations
by responding to inquiries, providing documentary evidence and other materials, and providing
regulators with access to facts relating to the investigations; and

WHEREAS, Goldman Sachs has advised regulators of its agreement to resolve the
investigations relating to its marketing and sale of ARS to individual investors; and

WHEREAS, Goldman Sachs agrees to take certain actions described herein and to make
certain payments; and

WHEREAS, Goldman Sachs admits to the jurisdiction of the Arizona Corporation
Commission (the "Commission") and consents to the entry of this Order to Cease and Desist, Order
for Administrative Penalties, and Consent to Same (the "Order" or "Consent Order"); and

1 WHEREAS, Goldman Sachs waives compliance with the provisions of the Arizona
2 Administrative Procedure Act, A.R.S. § 41-1061 through § 41-1067; and

3 WHEREAS, Goldman Sachs elects to permanently waive any right to a hearing and appeal
4 under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* (the "Act") and
5 to judicial review of this Consent Order; and

6 WHEREAS, Goldman Sachs acknowledges, without admitting or denying the Findings of
7 Fact and Conclusions of Law contained in this Order, and consents to the entry of this Order by the
8 Commission.

9 NOW, THEREFORE, the Commission, as administrator of the Act, hereby enters this
10 Order.

11 **FINDINGS OF FACT**

12 1. Auction rate securities are long-term bonds issued by municipalities, corporations,
13 and student loan companies, or perpetual equity instruments issued by closed-end mutual funds that
14 pay an interest rate that resets periodically through a bidding process known as a Dutch auction.

15 2. Goldman Sachs participated in the marketing and sale of ARS.

16 3. Goldman Sachs acted as an underwriter and as the auction broker-dealer for certain
17 issues of auction rate securities. When acting as sole manager, Goldman Sachs was the only firm
18 that could submit bids into the auction on behalf of its clients and/or other broker-dealers who
19 wanted to buy and/or sell any auction rate securities in such auctions. When acting as lead
20 manager, Goldman Sachs was the primary firm that could submit bids into the auction, but other
21 auction broker-dealers were able to submit orders on behalf of their clients as well. Goldman
22 Sachs received revenue in connection with auction rate securities, including an underwriting fee
23 representing a percentage of total issuance and a fee for managing the auctions.

24 4. Goldman Sachs conveyed to certain clients that ARS were secure, liquid securities
25 that were a suitable alternative for cash management purposes. It did so through its sales force,
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1 some of whom represented to certain investors that auction rate securities were highly liquid, safe
2 investments for cash management purposes.

3 5. These representations were misleading as to certain investors. Auction rate
4 securities were in fact different from cash and money market funds. As discussed above, the
5 liquidity of an auction rate security relied on the successful operation of the Dutch auction process.
6 In the event of a failed auction, investors cannot sell their auction rate securities in that auction and
7 are potentially stuck holding long-term investments, not money market instruments. As discussed
8 below, starting in the fall of 2007, the auction rate securities market faced dislocation and an
9 increased risk of auction failure.

10 6. Since it began participating in the auction rate securities market, Goldman Sachs
11 submitted "cover" bids, purchase orders for the entirety of an auction rate security issue for which
12 it acted as the sole or lead auction manager. Such "cover" bids were Goldman Sachs proprietary
13 orders that would be filled, in whole or in part, if there was otherwise insufficient demand in an
14 auction. When Goldman Sachs purchased auction rate securities through "cover" bids, those
15 auction rate securities were then owned by Goldman Sachs and the holdings were recorded on
16 Goldman Sachs' balance sheet. For risk management purposes, Goldman Sachs imposed limits on
17 the amounts of securities its Municipal Money Markets unit could hold (which included Goldman
18 Sachs' auction rate securities holdings).

19 7. Because many investors could not ascertain how much of an auction was filled
20 through Goldman Sachs "cover" bids, those investors could not determine if auctions were clearing
21 because of normal marketplace demand, or because Goldman Sachs was making up for the lack of
22 demand through "cover" bids. Many investors were also not aware that the liquidity of the auction
23 rate securities was dependent upon Goldman Sachs' continued use of "cover" bids. While
24 Goldman Sachs could track its own inventory as a measure of the supply and demand for its
25 auction rate securities, many investors had no comparable ability to assess the operation of the
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1 auctions. There was no way for those investors to monitor supply and demand in the market or to
2 assess when broker-dealers might decide to stop supporting the market, which could cause its
3 collapse.

4 8. In August of 2007, the credit crisis and other deteriorating market conditions began
5 to strain the auction rate securities market. Some institutional investors withdrew from the market,
6 decreasing demand for auction rate securities.

7 9. The resulting market dislocation should have been evident to Goldman Sachs. When
8 client demand for its auction rate securities declined, Goldman Sachs' "cover" bids filled the
9 increasing shortfall, thereby sustaining the impression for certain investors that auctions managed
10 by Goldman Sachs were functioning. As a result, Goldman Sachs' auction rate securities inventory
11 grew significantly, requiring Goldman Sachs to raise its risk management limits for its Municipal
12 Money Markets business (which included auction rate securities) several times.

13 10. From the fall of 2007 through early February of 2008, demand for auction rate
14 securities continued to erode and Goldman Sachs' auction rate securities inventory increased
15 significantly. Goldman Sachs was aware of the increasing strains in the auction rate securities
16 market, and increasingly questioned the viability of the auction rate securities market. Goldman
17 Sachs did not disclose these increasing risks of owning or purchasing auction rate securities to all
18 of its clients.

19 11. In February of 2008, Goldman Sachs and other firms stopped supporting auctions.
20 Without the benefit of "cover" bids, the auction rate securities market collapsed, leaving certain
21 investors who had been led to believe that these securities were liquid, safe investments appropriate
22 for managing short-term cash needs, holding long-term or perpetual securities that could not be
23 sold at par value until and if the auctions cleared again.

1 **Failure to Supervise**

2 12. Goldman Sachs did not adequately supervise certain of its salespeople to ensure that
3 all of the firm's clients would be sufficiently apprised of ARS, the mechanics of the auction
4 process, and the potential illiquidity of ARS, including the fact that Goldman Sachs may stop
5 submitting "cover" bids, as discussed above.

6 **II.**

7 **CONCLUSIONS OF LAW**

8 13. The Commission has jurisdiction over this matter pursuant to the Act.

9 14. As discussed above, the Commission finds that Goldman Sachs engaged in conduct
10 within the meaning of A.R.S. § 44-1961(A)(13) (unethical practice in the offer and sale of
11 securities) and A.R.S. § 44-1961(A)(12) (failure to supervise) of the Act.

12 15. Nothing in this Order shall be construed as a finding or admission of fraud.

13 16. The Commission finds the following relief appropriate and in the public interest.

14 **III.**

15 **ORDER**

16 On the basis of the Findings of Fact, Conclusions of Law, and Goldman Sachs' consent to
17 the entry of this Order, for the sole purpose of settling this matter, prior to a hearing and without
18 admitting or denying any of the Findings of Fact or Conclusions of Law,

19 IT IS HEREBY ORDERED:

20 17. This Order concludes the investigation by the Commission and any other action that
21 the Commission could commence under applicable Arizona law on behalf of Arizona as it relates
22 to Goldman Sachs' marketing and sale of auction rate securities to Goldman Sachs' Eligible
23 Investors, as defined below.

1 18. This Order is entered into solely for the purpose of resolving the investigation into
2 Goldman Sachs' marketing and sale of auction rate securities, and is not intended to be used for
3 any other purpose.

4 19. This Order shall be binding upon Respondent Goldman Sachs and its successors and
5 assigns as well as to successors and assigns of relevant affiliates with respect to all conduct subject
6 to the provisions above and all future obligations, responsibilities, undertakings, commitments,
7 limitations, restrictions, events, and conditions.

8 20. Goldman Sachs shall cease and desist from violating the Act and will not engage in
9 the conduct described in A.R.S. § 44-1961(A)(12) or A.R.S. § 44-1961(A)(13) in connection with
10 the marketing and sale of ARS.

11 21. Goldman Sachs shall pay the sum of One Hundred Seventy-two Thousand Sixty-
12 seven and 59/100 Dollars (\$172,067.59) to the Commission as an administrative penalty, which
13 amount constitutes Arizona's proportionate share of the state settlement amount of Twenty-two
14 Million Five Hundred Thousand Dollars (\$22,500,000.00), which shall be payable to the state of
15 Arizona within ten (10) days of the date on which this Order is entered.

16 22. In the event another state securities regulator determines not to accept Goldman
17 Sachs' settlement offer, the total amount of the payment to the state of Arizona shall not be
18 affected.

19 **Requirement to Repurchase ARS from Retail ARS Investors**

20 23. Goldman Sachs shall have provided liquidity to Eligible Investors by offering to buy
21 back Eligible ARS that since February 11, 2008, have not been auctioning, at par, in the manner
22 described below.

23 24. "Eligible ARS," for the purposes of this Order, shall mean auction rate securities
24 purchased from Goldman Sachs on or before February 11, 2008.

25 25. "Eligible Investors," for the purposes of this Order, shall mean:
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i. Natural persons (including their IRA accounts, testamentary trust and estate accounts, custodian UGMA and UTMA accounts, and guardianship accounts);

ii. Legal entities forming investment vehicles for closely related individuals including but not limited to IRA accounts, Trusts, Family Limited Partnerships, and other legal entities performing a similar function;

iii. Charities and non-profits with Internal Revenue Code Section 501(c) status that purchased Eligible ARS from Goldman Sachs; and

iv. Small Businesses that purchased Eligible ARS from Goldman Sachs. For purposes of this provision, "Small Businesses" shall mean Goldman Sachs clients not otherwise covered in paragraphs 25(i) and (ii) above that had \$10 million or less in assets in their accounts with Goldman Sachs, net of margin loans, as determined by the client's aggregate household position(s) at Goldman Sachs as of August 31, 2008, or, if the client was not a client of Goldman Sachs as of August 31, 2008, as of the date that the client terminated its client relationship with Goldman Sachs. Notwithstanding any other provision, "Small Businesses" does not include broker-dealers or banks acting as conduits for their customers.

26. Goldman Sachs shall have offered to purchase, at par plus accrued and unpaid dividends/interest, from Eligible Investors their Eligible ARS that since February 11, 2008, have not been auctioning ("Buyback Offer"), and explain what Eligible Investors must do to accept, in whole or part, the Buyback Offer. The Buyback Offer shall have remained open until at least November 12, 2008 ("Offer Period"). Goldman Sachs may extend the Offer Period beyond this date.

27. Goldman Sachs shall have undertaken its best efforts to identify and provide notice to Eligible Investors who invested in Eligible ARS that since February 11, 2008, have not been auctioning, of the relevant terms between Goldman Sachs and the Commission.

28. Eligible Investors may have accepted the Buyback Offer by notifying Goldman Sachs at any time before midnight, Eastern Time, November 12, 2008, or such later date and time as Goldman Sachs may extend the Offer Period. For Eligible Investors who accepted the Buyback Offer within the Offer Period, Goldman Sachs shall have purchased the Eligible ARS on or before November 17, 2008 (or a later date if an offer period is extended). For Eligible Investors who accepted the Buyback Offer within the Offer period but custodied their Eligible ARS away from Goldman Sachs, Goldman Sachs shall repurchase the Eligible ARS upon receipt of assurance reasonably satisfactory to Goldman Sachs from the Eligible Investor's current financial institution that the bidding rights associated with the Eligible Auction Rate Securities will be transferred to Goldman Sachs and transfer of the Eligible ARS.

29. No later than December 31, 2009, any Eligible Investor who for good cause (including but not limited to incapacity or failure to receive the notice provided for in paragraph 27) did not accept the Buyback Offer pursuant to paragraph 28 above, shall be entitled to sell their Eligible ARS, at par, to Goldman Sachs for (30) days after establishing such good cause, and Goldman Sachs shall purchase such Eligible Investor's Eligible ARS promptly.

30. No later than October 20, 2008, Goldman Sachs shall have established a dedicated toll-free telephone assistance line, with appropriate staffing, to provide information and to respond to questions from clients concerning the terms of the settlement between Goldman Sachs and the Commission.

Review of Client Accounts

31. For a period of two years from the date of this Order, upon request from any firm that is repurchasing auction rate securities, upon receipt from the repurchasing firm of (i) the names of any Goldman Sachs clients that may hold ARS subject to the repurchasing firm's repurchase offer, (ii) the CUSIPs of the Eligible ARS, (iii) the clients' Goldman Sachs account number(s) (if known to the repurchasing firm), and (iv) the date those ARS were transferred to Goldman Sachs

1 (if known to the repurchasing firm), Goldman Sachs shall take reasonable steps to provide notice to
2 those clients of the repurchasing firm's repurchase offer.

3 **Relief for Investors Who Sold Below Par**

4 32. By November 12, 2008, Goldman Sachs shall have undertaken its best efforts to
5 identify any Eligible Investor who sold Eligible ARS below par between February 11, 2008, and
6 August 21, 2008, and shall have paid any such Eligible Investor the difference between par and the
7 price at which the Eligible Investor sold the Eligible ARS.

8 **Reimbursement for Related Loan Expenses**

9 33. Goldman Sachs shall have made best efforts to identify Eligible Investors who took
10 out loans from Goldman Sachs, between February 11, 2008, and March 19, 2010, that were secured
11 by Eligible ARS that were not successfully auctioning at the time the loan was taken out from
12 Goldman Sachs, and paid interest associated with the auction rate securities based portion of those
13 loans in excess of the total interest and dividends received on the auction rate securities during the
14 duration of the loan. Goldman Sachs shall have reimbursed such clients for the excess expense,
15 plus reasonable interest thereon. Such reimbursement shall have occurred no later than March 31,
16 2010.

17 **Claims for Consequential Damages**

18 34. Goldman Sachs shall consent to participate in a special arbitration ("Arbitration")
19 for the exclusive purpose of arbitrating any Eligible Investor's consequential damages claim arising
20 from the Eligible Investor's inability to sell Eligible ARS. Goldman Sachs shall have provided
21 written notice to Eligible Investors of the terms of the Arbitration process on or before November
22 12, 2008.

23 35. The Arbitration shall be conducted by a single public arbitrator (as defined by
24 section 12100(u) of the NASD Code of Arbitration Procedures for Customer Disputes, eff. April
25 16, 2007), under the auspices of FINRA. Goldman Sachs will pay all applicable forum and filing
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1 fees. Any Eligible Investors who choose to pursue such claims in the Arbitration shall bear the
2 burden of proving that they suffered consequential damages and that such damages were caused by
3 their inability to access funds invested in Eligible Auction Rate Securities.

4 36. In the Arbitration, Goldman Sachs shall be permitted to defend itself against such
5 claims; provided, however, that Goldman Sachs shall not contest in these arbitrations liability
6 related to the sale of auction rate securities, or use as part of its defense any decision by an Eligible
7 Investor not to borrow money from Goldman Sachs.

8 37. Eligible Investors seeking consequential damages who elect to use the special
9 arbitration process provided for herein shall not be eligible for punitive or special damages.

10 38. Eligible Investors who elect to utilize the special arbitration process set forth above
11 are limited to the remedies available in that process and may not bring or pursue a claim against
12 Goldman Sachs or in any case where Goldman Sachs is an underwriter relating to Eligible Auction
13 Rate Securities in another forum.

14 **Institutional Investors**

15 39. Goldman Sachs shall endeavor to work with issuers and other interested parties,
16 including regulatory and governmental entities, to expeditiously provide liquidity solutions for
17 institutional investors not covered by paragraph 23 above that purchased auction rate securities
18 from Goldman Sachs prior to February 11, 2008 ("Institutional Investors").

19 40. Beginning November 12, 2008, and within 45 days of the end of each Goldman
20 Sachs fiscal quarter thereafter, Goldman Sachs shall have submitted a written report to the Illinois
21 Securities Department or other representative specified by the North American Securities
22 Administrators Association ("NASAA") outlining Goldman Sachs' progress with respect to its
23 obligations pursuant to this Order. Goldman Sachs shall have, at the option of the Illinois
24 Securities Department or other representative specified by NASAA, conferred with such
25 representative on a quarterly basis to discuss Goldman Sachs' progress to date. Such quarterly
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1 reports and conferences shall have continued until December 31, 2009. Following every quarterly
2 report, the representative shall have advised Goldman Sachs of any concerns regarding Goldman
3 Sachs' progress, and, in response, Goldman Sachs shall have discussed how Goldman Sachs plans
4 to address such concerns. The reporting or meeting deadlines may be amended with written
5 permission from the Illinois Securities Department or other representative specified by NASAA.

6 **Relief for Municipal Issuers**

7 41. Goldman Sachs shall promptly refund to municipal issuers refinancing fees paid to
8 Goldman Sachs for the refinancing or conversion of their auction rate securities that occurred
9 between February 11, 2008, and the date of this Order, where Goldman Sachs acted as underwriter
10 for the initial primary offering of the auction rate securities between August 1, 2007, and February
11 11, 2008. Nothing in this Order precludes the Commission from pursuing any other civil action
12 that may arise with regard to auction rate securities other than the marketing and sale of auction
13 rate securities to retail investors.

14 42. Goldman Sachs agrees to waive any right to indemnification and/or claims of
15 *contribution, and/or other similar remedies* with respect to any costs, expenses, or losses in
16 connection with this Order that Goldman Sachs may have against any municipal issuers that issued
17 securities through Goldman Sachs in the primary market, including any student loan authority.

18 **Additional Considerations**

19 43. Nothing herein shall preclude Arizona, its departments, agencies, boards,
20 commissions, authorities, political subdivisions and corporations, *other than the Commission* and
21 only to the extent set forth in paragraph 17 above (collectively, "State Entities"), and the officers,
22 agents or employees of State Entities from asserting any claims, causes of action, or applications
23 for compensatory, nominal and/or punitive damages, administrative, civil, criminal, or injunctive
24 relief against Goldman Sachs in connection with certain auction rate securities practices at
25 Goldman Sachs.

1 44. This Order shall not disqualify Goldman Sachs or any of its affiliates or current or
2 former employees from any business that they otherwise are qualified or licensed to perform under
3 applicable state law and this Order is not intended to form the basis for any disqualification.

4 45. To the extent applicable, this Order hereby waives any disqualification from relying
5 upon the registration exemptions or registration safe harbor provisions that may be contained in the
6 federal securities laws, the rules and regulations thereunder, the rules and regulations of self
7 regulatory organizations, or any states' or U.S. Territories' securities laws. In addition, this Order
8 is not intended to form the basis for any such disqualifications. In addition, this Order is not
9 intended to form the basis of a statutory disqualification under Section 3(a)(39) of the Securities
10 Exchange Act of 1934.

11 46. Except in an action by the Commission to enforce the obligations of Goldman Sachs
12 in this Order, this Order may neither be deemed nor used as an admission of or evidence of any
13 alleged fault, omission, or liability of Goldman Sachs in any civil, criminal, arbitration, or
14 administrative proceeding in any court, administrative agency, or tribunal. For any person or entity
15 not a party to this Order, this Order does not limit or create any private right against Goldman
16 Sachs including, without limitation with respect to the use of any e-mails or other documents of
17 Goldman Sachs or of others concerning the marketing and/or sales of auction rate securities, limit
18 or create liability of Goldman Sachs, or limit or create defenses of Goldman Sachs to any claims.

19 47. This Order and any dispute related thereto shall be construed and enforced in
20 accordance with, and governed by, the laws of the state of Arizona without regard to any choice of
21 law principles.

22 48. Evidence of a violation of this Order proven in a court of competent jurisdiction
23 shall constitute prima facie proof of a violation of the Act in any civil action or proceeding
24 hereafter commenced by the Commission against Goldman Sachs.

1 49. Should the Commission prove in a court of competent jurisdiction that a material
2 breach of this Order by Goldman Sachs has occurred, Goldman Sachs shall pay to the Commission
3 the cost, if any, of such determination and of enforcing this Order including without limitation
4 legal fees, expenses, and court costs.

5 50. If Goldman Sachs fails to make the payment specified in paragraph 21, the
6 Commission may, at its sole discretion, pursue any legal remedies, including but not limited to
7 initiating an action to enforce the Order, revoking Goldman Sachs' registration within the state, or
8 terminating this Order.

9 51. If in any proceeding, after notice and opportunity for a hearing, a court of competent
10 jurisdiction, including an administrative proceeding by a state securities administrator, finds that
11 there was a material breach of this Order, the Commission, at its sole discretion, may terminate the
12 Order. If Goldman Sachs defaults on any other obligation under this Order, the Commission may,
13 at its sole discretion, pursue legal remedies to enforce the Order or pursue an administrative action,
14 including but not limited an action to revoke Goldman Sachs' registration within the state.
15 Goldman Sachs agrees that any statute of limitations or other time related defenses applicable to
16 the subject of the Order and any claims arising from or relating thereto are tolled from and after the
17 date of this Order. In the event of such termination, Goldman Sachs expressly agrees and
18 acknowledges that this Order shall in no way bar or otherwise preclude the Commission from
19 commencing, conducting, or prosecuting any investigation, action, or proceeding, however
20 denominated, related to the Order, against Goldman Sachs, or from using in any way any
21 statements, documents, or other materials produced or provided by Goldman Sachs prior to or after
22 the date of this Order, including, without limitation, such statements, documents, or other
23 materials, if any, provided for purposes of settlement negotiations, except as may otherwise be
24 provided in a written agreement with the Commission.

1 52. Goldman Sachs shall cooperate fully and promptly with the Commission and shall
2 use its best efforts to ensure that all the current and former officers, directors, trustees, agents,
3 members, partners, and employees of Goldman Sachs (and of any of Goldman Sachs' parent
4 companies, subsidiaries, or affiliates) cooperate fully and promptly with the Commission in any
5 pending or subsequently initiated investigation, litigation, or other proceeding relating to auction
6 rate securities and/or the subject matter of the Order. Such cooperation shall include, without
7 limitation, and on a best efforts basis:

8 (a) production, voluntarily and without service of subpoena, upon the request of
9 the Commission, of all documents or other tangible evidence requested by the Commission
10 and any compilations or summaries of information or data that the Commission requests
11 that Goldman Sachs (or the Goldman Sachs' parent companies, subsidiaries, or affiliates)
12 prepare, except to the extent such production would require the disclosure of information
13 protected by the attorney-client and/or work product privileges;

14 (b) without the necessity of a subpoena, having the current (and making all
15 reasonable efforts to cause the former) officers, directors, trustees, agents, members,
16 partners, and employees of Goldman Sachs (and of any of the Goldman Sachs' parent
17 companies, subsidiaries, or affiliates) attend any Proceedings (as hereinafter defined) in
18 Arizona or elsewhere at which the presence of any such persons is requested by the
19 Commission and having such current (and making all reasonable efforts to cause the
20 former) officers, directors, trustees, agents, members, partners, and employees answer any
21 and all inquiries that may be put by the Commission to any of them at any proceedings or
22 otherwise, except to the extent such production would require the disclosure of information
23 protected by the attorney-client and/or work product privileges; "Proceedings" include, but
24 are not limited to, any meetings, interviews, depositions, hearings, trials, grand jury
25 proceedings, or other proceedings;

1 (c) fully, fairly, and truthfully disclosing all information and producing all
2 records and other evidence in its possession, custody, or control (or the possession, custody,
3 or control of the Goldman Sachs' parent companies, subsidiaries, or affiliates) relevant to
4 all inquiries made by the Commission concerning the subject matter of the Order, except to
5 the extent such inquiries call for the disclosure of information protected by the attorney-
6 client and/or work product privileges; and

7 (d) making outside counsel reasonably available to provide comprehensive
8 presentations concerning any internal investigation relating to all matters in the Order and
9 to answer questions, except to the extent such presentations or questions call for the
10 disclosure of information protected by the attorney-client and/or work product privileges.

11 53. In the event Goldman Sachs fails to comply with paragraph 23 of the Order, the
12 Commission shall be entitled to specific performance, in addition to any other available remedies.

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54. The Commission has agreed to the terms of this Order based on, among other things, the representations made to the Commission by Goldman Sachs, its counsel, and the Commission's own factual investigation. To the extent that any material representations are later found to be materially inaccurate or misleading, this Order is voidable by the Commission in its sole discretion.

IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION


CHAIRMAN

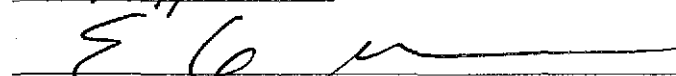

COMMISSIONER


COMMISSIONER


COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
Executive Director of the Arizona Corporation
Commission, have hereunto set my hand and caused the
official seal of the Commission to be affixed at the
Capitol, in the City of Phoenix, this 17th day of
MAY, 2010.


ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT

DISSENT

This document is available in alternative formats by contacting Shaylin A. Bernal, ADA Coordinator, voice phone number 602-542-3931, e-mail sabernal@azcc.gov.

(mn)

**CONSENT TO ENTRY OF ORDER TO CEASE AND DESIST AND
ORDER FOR ADMINISTRATIVE PENALTIES BY
GOLDMAN, SACHS & CO.**

Goldman, Sachs & Co. ("Goldman Sachs") hereby acknowledges that it has been served with a copy of this Order to Cease and Desist, Order for Administrative Penalties, and Consent to Same (the "Order"), has read the foregoing Order, is aware of its right to a hearing and appeal in this matter, and has waived the same.

Goldman Sachs admits the jurisdiction of the Arizona Corporation Commission (the "Commission"), neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Order, and consents to entry of this Order by the Commission as settlement of the issues contained in this Order.

Goldman Sachs states that no promise of any kind or nature whatsoever was made to it to induce it to enter into this Order and that it has entered into this Order voluntarily.

NORMAN FEIT represents that he/she is a Managing Director of Goldman Sachs and that, as such, has been authorized by Goldman Sachs to enter into this Order for and on behalf of Goldman Sachs.

DATED this 22nd day of April, 2010.

GOLDMAN, SACHS & CO.

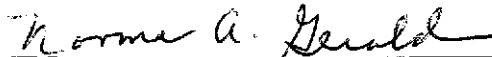
By: 

Title: Managing Director, Legal

STATE OF New York)
County of New York)

SUBSCRIBED AND SWORN TO before me this 22nd day of April, 2010.

NORMA A. GERALD
NOTARY PUBLIC-STATE OF NEW YORK


Notary Public

No. 01GE6192086
My commission expires
Qualified in Kings County
My Commission Expires August 15, 2012

SERVICE LIST FOR: GOLDMAN, SACHS & CO.

Stephanie G. Wheeler, Esq.
Sullivan & Cromwell LLP
125 Broad Street
New York, New York 10004-2498